

**US DOT
Short Term Lending Program
Application and Information**

**U.S. Department of Transportation
Office of the Secretary of Transportation
Office of Small and Disadvantaged Business Utilization**

*A financing program administered under cooperative agreements
between the U.S. Department of Transportation and several banks*

POLICY STATEMENT

I. INTRODUCTION

A. The DOT Short Term Lending Program (STLP) is a national program designed to lend short term working capital to disadvantaged business enterprises (DBEs) in order to increase the number of DBEs that enter into transportation related contracts and to strengthen the competitive and productive capabilities of the DBEs that currently do business with the U.S. Department of Transportation, its grantees, recipients, their contractors and subcontractors.

The program is administered under cooperative agreements between the U.S. Department of Transportation (DOT) and one or more banks and is authorized under Subchapter 11 of the Department of Transportation Act, 49 U.S.C. 332, Pub. L 97-449.

B. Glossary of Terms

1. DBE - a disadvantaged business enterprise.
2. DOT - The United States Department of Transportation.
3. STLP Bank - A bank under cooperative agreement with DOT which provides loans and lines of credit.
4. Recipient - State and other agency such as the Airports Authority or the Transit Agency which receive Federal funding from DOT.

II. ELIGIBILITY

A. For the purpose of this Agreement, the term "Disadvantaged Business Enterprise" ("DBE"), which includes minority women-owned and disadvantaged businesses, is set forth at 49 Code of Federal Regulations (CFR) (23 and 26); under Section 1101 (b) of the Transportation Equity Act for the 21st Century (TEA-21) P.L. and corresponding sections of the Aviation Investment and Reform Act for the 21st Century, as amended by any regulations and interpretations issued there-under. *Also certifications are accepted for Small Disadvantaged Business/Section 8(a) program and HUBZONE Empowerment Contracting Program, and Disabled Service Veteran under the U.S. Small Business Administration.* For purposes of this document, "DBE" will be used to describe all businesses certified under the DOT regulation.

Certification of firms is performed by the individual recipients of federal transportation funds. Certification is not performed by the U.S. Department of

Transportation or any of its divisions.

All firms defined by Section 8(a)/SDB/HUBZONE/DSV of the U.S. Small Business Administration Act are automatically recognized by all recipients and are eligible to participate in the DBE program, without any further recipient certification.

B. The borrower must be performing under a transportation related contract. The term "transportation related" contract means a contract for the maintenance, rehabilitation, restructuring, improvement, or revitalization of any of the nation's modes of transportation with any public or commercial provider of transportation of any Federal, State or local transportation agency. In addition, such a contract may be with any other Federal agency; provided that, and within the discretion of the Director of DOT's Office of Small and Disadvantaged Business Utilization (OSDBU), each contract will assist a DBE in competing subsequently for contracts with either a public or commercial provider of transportation or any Federal, State or local transportation agency. This provision is applicable to any prime contractor or subcontractor, at any tier, of such a transportation provider or agency.

III. LOAN STRUCTURE AND TERM

- A. Loans are structured as revolving lines of credit to finance accounts receivable arising from transportation related contracts. Accounts receivable from any number of transportation related contracts may be financed under the same line of credit.
- B. The term of each line of credit is normally one year. Renewals of the line may be requested, and updated financial information must be provided to the STLP Bank for the evaluation and decision process.
- C. Loan documentation is the responsibility of the STLP Bank, and the STLP Bank will administer the line of credit.

IV. ADVANCES AND REPAYMENT

- A. Advances under the line of credit are made upon presentation of invoices or requests for progress payments, as permitted by the contract, to the STLP Bank. The maximum advance against each invoice is 85% of the invoice amount.
- B. Repayment of each advance is effected at the time the project owner or prime contractor makes payment of each invoice. Payment of invoices will require the use of the two-payee payment system, wherein the STLP Bank and the DBE will be payees of any check paid by the project owner or prime contractor to the DBE, and the payment will be sent to the STLP Bank.
- C. The lines of credit are intended to provide short term working capital to bridge

the period between preparation and submission of the invoice and receipt of payment from the prime contractor or project owner. The customary uses of funds borrowed under the line are for payroll, materials and other project related items. Due to the short term nature of each advance the funds are not available for long term purposes, such as the purchase of equipment or other fixed assets; nor are they to be used for payment of non-current taxes, repayment of existing debt, or distributions to the company's owners. The funds are not available for start up businesses. The businesses should have a 2-3 year track record.

V. COLLATERAL

- A. The proceeds of the transportation related contracts are the primary collateral and source of repayment. Other collateral may be included in the offer of a line of credit such as keyman life insurance and personal guarantees.
- B. The STLP Bank's and DOT's collateral position shall be perfected by means of filings under the Uniform Commercial Code (UCC) and by assignment of contract proceeds.

VI. INTEREST RATE

The funds shall be loaned at the prime rate of interest that is published daily in the Wall Street Journal adjusted on the first day of each calendar month for the ensuing month plus one point.

VII. LOAN DECISIONS

Loan approval decisions will consist of approval by the STLP Bank and concurrence by DOT.

While special consideration must be given to support the financial needs of DBEs in their early stages of development, decisions will include the basic parameters of sound credit judgment and standards.

VIII. BONDED PROJECTS

If a contracting agency or prime contractor requires bonding before performance can begin on a transportation related contract, the STLP Bank must receive evidence that the bond has been furnished before it makes advances under the

line of credit against the accounts receivable from that contract.

IX. LOAN READINESS

A company which does not have a transportation related contract may submit an application for the STLP at such time as it has received reasonable assurance that it is being considered for a specific transportation related contract. Any offer of a line of credit will be conditional upon the company receiving an eligible contract and will be subject to review after the contract is obtained. This is called "Loan Readiness".

NOTE: Approval on a Loan Readiness basis does not commit the STLP Bank to a loan nor imply that the firm will receive a loan through the program.

DOT SHORT TERM LENDING PROGRAM LOAN APPLICATION

Applicant:

Address:

City, State, Zip:

Description of Business Operations:

Date Established:

Phone:

Email Address:

Fax:

Applicant's Bank:

Phone:

Address:

Account Officer:

Phone:

INFORMATION CONCERNING MANAGEMENT:

List all owners (having 20% or greater interest), officers, and/or directors:

Name:

Title:

Address:

Percent of Ownership:

Annual Compensation:

Name:

Title:

DOT Short Term Lending Program: Application and Information

Address:

Percent of Ownership:

Annual Compensation:

Name:

Title:

Address:

Percent of Ownership:

Annual Compensation:

List the applicant's attorney, accountant and insurance company/agent:

Attorney:

Phone:

Address:

Accountant:

Phone:

Address:

Insurance Company:

Phone:

Agent:

Address:

Line of Credit Amount Requested: \$

How do you plan to use the line of credit proceeds?

Amount (\$)

1. Carry Accounts Receivable

2. Payroll

3. Other

4.

5.

6.

7.

Total:

\$

Primary Collateral: The transportation related contract(s) supporting the line of credit application will be the primary source of collateral and repayment. Describe the transportation related contract(s) as follows:

Amount:	Starting Date:	Completion Date:
_____	_____	_____

Other Collateral Available:

Real Estate
Inventory
Accounts Receivable
Machinery/Equipment
Other:
Other:
Total Collateral

Present Market Value (\$)

Present Loan Balance (\$)

Are there any affiliated businesses (businesses which share common ownership with the applicant)?

Yes If Yes, please provide the business name(s) and financial statements:

No

Are you now (or have you ever been) subjected to any claim for additional taxes?

Yes If Yes, please explain:

No

Are any federal, state or local taxes now past due?

Yes If Yes, please describe:

No

Are any liabilities other than taxes now past due?

Yes If Yes, please explain:

No

Are there currently any bankruptcy, insolvency proceedings, or pending lawsuits?

Yes If Yes, please describe:

No

Contingent Liabilities:

As Guarantor, Endorser, or Co-Maker:

Other Contingent Debts: (contracts, leases, etc.):

DBE INFORMATION

Disadvantaged Business Enterprises (DBEs), which include women owned businesses and minority owned businesses, are set forth in 49 Code of Federal Regulation, Part 23.

The applicant, _____ certifies that it is a Disadvantaged Business Enterprise and that the contract or contracts to be financed is/are transportation related.

Basis for DBE Status: (check as appropriate)

Female

Hispanic

Asian

Indian/Alaskan

Black

Other:

Name of Agency which Certified your Business as a DBE:

OTHER SBA CERTIFICATION:

Section 8(a)

Small Disadvantaged Business (SDB)

HUBZONE

Disabled Service Veteran (DSV)

In submitting the foregoing application, the undersigned guarantees its accuracy with the intent that it be relied upon by the STLP Bank and the U.S. Department of Transportation in extending credit to the undersigned and warrants that the undersigned has not, knowingly, withheld any information that might affect its credit risk; and the undersigned expressly agrees to notify, immediately, said bank and the U.S. Department of Transportation, in writing, of any material change in its financial

condition.

Signature of Preparer: (if other than applicant)

Type Name of Preparer:

Address of Preparer:

If applicant is a proprietorship or partnership, sign below:

Name _____ Title _____ Date _____

If applicant is a corporation, sign below:

Name _____ Title _____ Date _____
(SEAL)

APPLICATION PROCEDURES

I. CONTENTS OF APPLICATION PACKAGES

Each loan package is to include all items listed on the following Exhibit Checklist (Section II) or an explanation for any omission. All items may not apply to every company, such as the request for three years of business financial statements and tax returns for a company in business for less than three years, and may be noted as not applicable, or "N/A".

Business financial statements are to be prepared by an independent CPA firm and to include the accountant's cover letter, balance sheet, operating statement, any additional statements and schedules, and any accompanying notes. If the latest financial statements are more than 90 days old, interim financial statements are to be furnished which may be management prepared.

Additional explanatory items may be included to expand or clarify the application materials, such as: letters describing existing bank lines or credit or other borrowing capacity; references from suppliers; or recommendations resulting from previous job performance.

A loan package which is obviously incomplete and is such that a proper credit evaluation cannot be completed may be returned to the sender for completion.

II. EXHIBIT CHECKLIST

A. DOT Short Term Lending Program loan application

DOT Short Term Lending Program: Application and Information

- B. Business: Three years business financial statements and tax returns
Personal: (for each proposed guarantor) Current personal financial statement;
three years tax returns
- C. Detailed cash flow projections covering the term of the line of credit, to be prepared on a monthly basis and to include all assumptions and any supporting information
- D. Applicant's Statement of Work in Progress
- E. Certification as a disadvantaged business enterprise or evidence of inclusion in one of the Small Business Administration's programs (8(a); SDB; Hubzone; DSV)
- F. A complete copy of each transportation related contract or subcontract for which the requested line of credit is intended. If a copy is not yet available, include a brief description of each contract or subcontract, such as: name of agency, prime contractor if applicable, and amount of contract
- G. Current Agings of Accounts Receivable and Accounts Payable
- H. Certificate of Incorporation, Articles of Incorporation, partnership agreement, or other evidence of formation and registration of the business entity; Certificate of Good Standing
- I. Brief history of the company and expected benefits of the loan
- J. Brief resume of all operating officers
- K. Several business reference letters, or a list of several references

III. TECHNICAL ASSISTANCE

Firms may consider utilizing the services of: the U.S. Department of Commerce, Minority Business Development Centers; the Small Business Administration, Small Business Development Centers; or State Supportive Services programs as possible sources for assistance or guidance in preparing loan application packages. The program will also accept loan packages developed by private resources and organizations.

IV. STLP BANKS

Application packages are to be submitted directly to the STLP Banks which service the geographical areas listed below.

AK, AZ, CA, CO, HI, ID, MT, NV, NM, ND, OR, SD, UT, WA, WY

Premier Bank
1630 Stout Street
Denver, CO 80202
Roy Becker, Vice President
303-623-8888
Fax: 303-623-8500
Hours: Monday - Friday 9:00am to 5:00pm (MST)
Email: roybecker@premierbankusa.com
Website: www.premierbankusa.com

CT, DE, FL, GA, ME, MD, MA, NH, NJ, NY, NC, PA, RI, SC, VT, VA, WV, Puerto Rico, US Virgin Islands

Hamilton Bank, NA
8750 NW 87th, Avenue
Miami, Florida 33178
Sylvia Gomez
Second Vice President
(305) 717-5539
Sherly Darsey
(305) 717-5536
(305) 591-3172 Fax
Email: silviag@hamiltonbank.com
Website:
<http://www.hamiltonbank.com/minority.html>
Hours: Monday-Friday 8:30am-5:30pm (EST)

AL, AZ, AR, IL, IN, IA, KS, KY, LA, MI, MN, MO, MS, NE, OH, OK, TN, WI

Seaway National Bank
645 East 87th Street
Chicago, IL 60619
William Fielder, Commercial Loan Officer
773-602-4933
Arlene Carruthers-Williams, Senior VP/
Lending
Fax: 773-487-1850
E-mail: www.acwms@seawaynb.com
Website: www.seawaynb.com
Fax: 773-487-1850
Website: www.seawaynb.com
Hours: Monday-Friday 9:00am-5:00pm (CST)

Washington Metropolitan Area including Maryland, Virginia and the District of Columbia

The Harbor Bank of Maryland
25 W. Fayette Street
Baltimore, Maryland 21201
Garnetta D. Massey, VP, Business Development
Phone: 410-528-1800 ext. 3009
Fax: 410-528-1420
E-mail: gmassey@theharborbank.com
Website: www.theharborbank.com
Hours: Monday-Friday 9:00am-5:00pm (EST)

**Washington Metropolitan Area including
Maryland, Virginia and the District of
Columbia**

Adams National Bank
1627 K Street
Washington, D.C. 20006
Kathy Speakman, VP, Commercial Lending
Phone: 202-466-4090 ext. 138
Fax: 202-835-3871
E-mail: kspeakman@adamsbank.com
Website: www.adamsbank.com
Hours: Monday-Friday 9:00am-3:00pm Friday
til 5:00 (EST)

The State of Texas

Lone Star National Bank
P.O. Box 1127 100 W. Ferguson
Pharr, Texas 78577
Paul Rodriguez, Executive Vice President
Phone: 956-781-4321
Juan Garcia, Asst. VP/Commercial Lending
Phone: 956-984-2216
Toll Free: 800-580-0322
Fax: 956-984-2277
E-mail: paul@lonestarnatinalbank.com
Website: www.lonestarnationalbank.com
Hours: Monday-Friday 9:00am-4:00pm Friday
til 6:00 (CST)

*If you require additional information or assistance concerning
the Short Term Lending Program, please contact:*

U.S. DEPARTMENT OF TRANSPORTATION
OFFICE of SMALL and DISADVANTAGED BUSINESS UTILIZATION
400 Seventh Street, SW, Room 9410
Washington, D.C. 20590
(800) 532-1169
(202) 366-2852